

**Republic of Panama  
Superintendency of Banks**

**RULE N°. 1-2018  
(dated 23 January 2018)**

**“Whereby the regulations on interbank deposits are established and other activities international license banks can conduct are regulated”**

**THE BOARD OF DIRECTORS**  
in use of its legal powers and,

**WHEREAS:**

Due to the issuance of Decree Law 2 dated 22 February 2008, the Executive Branch re-edited Decree Law 9 dated 26 February 1998 and all its amendments as a consolidated text, and this text was approved by means of Executive Decree 52 dated 30 April 2008, hereinafter referred to as the Banking Law;

Pursuant to the provisions of paragraphs 1 of Article 5 of the Banking Law, safeguarding the soundness and efficiency of the banking system is one of the objectives of the Superintendency of Banks;

Pursuant to paragraph 5 of Article 11 of the Banking Law, establishing the administrative interpretation and scope of the legal provisions and regulations on banking matters is a technical duty of the Board of Directors of the Superintendency of Banks;

Pursuant to Rule 5-2012 dated 25 September 2012, the regulations on interbank deposits were compiled and updated and other activities international license banks can conduct were regulated;

By means of Rule 3-2014 dated 23 June 2014, Article 5 of Rule 5-2012 was amended, authorizing international license banks to acquire Panamanian public debt instruments, as well as debt instruments issued by private companies, through securities markets organized in the Republic of Panama;

In accordance with the provisions of Paragraph 2 of Article 41 of the Banking Law, international license banks can engage in transactions that are concluded, consummated or have effect abroad from an office established in Panama, and carry out whatever other activities the Superintendency may authorize;

During its working sessions, the Board of Directors determined it necessary and advisable to modify the dispositions on interbank deposits and other activities that international license banks can conduct, as well as to expand those other activities that international license banks can conduct under Paragraph 2 of Article 41 of the Banking Law.

**RESOLVES:**

**ARTICLE 1. SCOPE.** The provisions of this Rule apply to state-owned banks, general license banks and international license banks.

**ARTICLE 2. INTERBANK DEPOSITS MARKET.** The placement of funds among banks established in Panama is considered part of the interbank deposits market.

**ARTICLE 3. PLACEMENT OF INTERBANK DEPOSITS.** Banks must meet the following parameters for the placement of interbank deposits:

1. General license banks can place interbank deposits among themselves at all times;

2. International license banks can make and receive placements of interbank deposits among themselves at all times;
3. International license banks can place interbank deposits in general license banks;
4. General license banks can place foreign funds in international license banks. In this case, the depositing bank will certify to the receiving bank that the funds to be deposited are from foreign sources.

In addition to the above, brokerage houses holding licenses granted by the Superintendency of the Securities Market can place foreign funds in international license banks. In this case, the depositing brokerage house will certify to the receiving bank that the funds to be deposited are from foreign sources.

**ARTICLE 4. TERM OF INTERBANK DEPOSITS.** Interbank deposits will not be subject to the standard rules on deposit terms and interest. Interbank market supply and demand will determine the listing terms and conditions of placements. There will be no minimum term for interbank deposits.

**ARTICLE 5. INTERNATIONAL LICENSE BANKS ACTIVITIES.** For the purposes of the provisions of Paragraph 2 of Article 41 of the Banking Law regarding other activities international license banks may conduct, the Superintendency authorizes the following activities:

1. The purchase of Panamanian domestic debt instruments, as well as debt instruments issued by private companies, through securities markets organized in the Republic of Panama. The public debt may be issued by the State or by state-owned entities.
2. The purchase of debt instruments issued in international markets by banks operating in or from the Republic of Panama.

**ARTICLE 6. PENALTIES FOR NONCOMPLIANCE.** Failing to comply with the provisions established herein will be penalized according to the provisions of Title IV of the Banking Law.

**ARTICLE 7. REPEAL.** This Rule repeals Rule 5-2012 dated 25 September 2012 and Rule 3-2014 dated 23 June 2014.

**ARTICLE 8. ENACTMENT.** This Rule shall become effective as of its promulgation.

Given in the city of Panama on the twenty-third (23<sup>rd</sup>) day of January, two thousand eighteen (2018).

**FOR COMMUNICATION, PUBLICATION AND ENFORCEMENT.**

**THE CHAIRMAN,**

**THE SECRETARY,**

L.J. Montague Belanger

Nicolas Ardito Barletta